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REPORT
REGISTRARS OF VOTERS
EMPLOYER RETIREMENT SYSTEM
(STATE OF LOUISIANA)

JUNE 18, 2001 AND 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 12/19/01

**REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)**

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MEMBERSHIP
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
INSTITUTIONAL INVESTORS

INDEPENDENT AUDITOR'S REPORT

September 16, 2001

Board of Trustees
Registers of Voters Employees'
Retirement System of Louisiana
P.O. Box 97
Baton Rouge, LA 70804

We have audited the accompanying statements of plan net assets of the Registers of Voters Employees' Retirement System as of June 30, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Registers of Voters Employees' Retirement System as of June 30, 2001 and 2000 and the results of operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have audited the financial statements of the System for the years ending June 30, 2001 and 2000 and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 20-21 and the supplemental schedules listed on pages 14-19 are presented for the purposes of additional analysis and are not a part of the basic financial statements. The required statistical information for the years ending June 30, 1996 - 2001 and supplemental schedules for the years ending June 30, 2001 and 2000 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2001 on our consideration of the Employees of Veterans Employees' Retirement System's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Debra L. Chapman, CPA & Co. LLC

RECORDS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2001 AND 2000

ASSETS	2001		2000	
	RETIREMENT SYSTEM TRUST FUND	ADDITIONAL SUPPLEMENTAL SAVINGS TRUST FUND	RETIREMENT SYSTEM TRUST FUND	ADDITIONAL SUPPLEMENTAL SAVINGS TRUST FUND
INVESTMENTS:				
Cash	345,276	-	125,458	-
RECEIVABLES:				
Member contributions (Plan 1)	58,054	-	47,584	-
Other receivables	15,000	-	2,200	-
Unearned premiums	-	-	197,400	-
Unearned premiums	-	64,500	-	-
Due from Retirement Trust Fund	-	15,000	-	-
Accrued interest and dividends	10,000	10,000	28,200	20,000
Total investments	569,330	90,500	379,142	20,000
INVESTMENTS AT FAIR VALUE:				
(Page 15 and 17) (Plans 1 and 6)				
Cash equivalents	1,078,486	142,200	933,474	142,200
Corporate bonds	12,716,711	-	8,704,250	-
Government bonds	3,489,310	1,000,000	8,700,000	999,000
Mutual funds	11,250,470	-	12,860,000	-
Money market	3,074,553	215,000	3,199,700	121,000
Total investments	30,609,530	1,257,200	30,997,324	1,262,200
PLANT AND EQUIPMENT:				
(Plans 1 & 7)				
Net of accumulated depreciation -				
125,000 for 2001 and 325,000 for 2000	5,000	-	11,000	-
Total assets	56,933,007	1,406,700	43,602,947	1,489,400
LIABILITIES:				
Accounts payable	55,000	-	94,000	-
Due to Member's Supplemental	64,500	-	-	-
Investment payable	41,000	-	90,000	-
Retirement withholding	5,000	-	10,000	-
Total liabilities	165,500	-	194,000	-
NET ASSETS HELD IN TRUST FOR MEMBER BENEFITS	56,767,507	1,406,700	43,408,947	1,489,400

See accompanying notes.

RECONCILIATION OF NOTICES EMITTED: ACTIVATION SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

PAGE 4

	2001		2000	
	RETIREMENT SYSTEM	REPRESENTATIVE SAVINGS	RETIREMENT SYSTEM	REPRESENTATIVE SAVINGS
	TRUST FUND	TRUST FUND	TRUST FUND	TRUST FUND
ADDITIONS: (Line 1)				
Contributions:				
Members	417,962	3	471,982	3
Tax revenue	595,994	64,367	591,129	64,367
Total contributions	1,013,956	64,370	1,063,111	64,370
Investment income:				
Net appreciation (depreciation) in fair value of investments	835,066	62,764	811,552	13,433
Interest	1,891,403	91,126	1,662,214	52,241
Dividends	248,462	2,027	211,117	6,016
Less: Investment advisory services	164,943	-	164,943	-
Less: Investment consulting fees	19,758	-	19,758	-
Capital loss	20,363	-	20,363	-
Net investment income	1,779,865	92,817	1,713,629	71,491
Other additions:				
Miscellaneous income	426	1,786	1,212	1,070
Transfer from other system - employee	9,073	-	9,073	-
Transfer from other system - employer/union	-	-	-	-
Total other additions	9,500	1,786	10,285	1,070
Total additions	1,033,456	119,273	1,083,915	116,471
DEDUCTIONS: (Line 1)				
Investment income	1,814,261	72,527	1,696,548	24,122
Withdrawal of investments	2,418	-	2,418	-
Administrative expenses (Page 1)	149,796	-	149,796	-
Depreciation	2,474	-	2,474	-
Total deductions	1,968,949	72,527	1,851,236	24,122
NET INCREASE (DECREASE)	1,094,507	46,746	2,042,679	192,349
PLAN NET ASSETS AT BEGINNING OF YEAR	47,402,946	1,428,183	47,961,488	1,274,111
PLAN NET ASSETS AT END OF YEAR	48,497,453	1,474,929	49,994,167	1,466,460

See accompanying notes.

**REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

The Registrars of Voters Employers' Retirement System (System) was established as of January 1, 1955 by Act 215 of 1954, under R.S. Title 11:2602, as amended, for the purpose of providing retirement allowances and other benefits for registrars of voters, their dependents and their permanent employees in each parish of the State of Louisiana. The fund is administered by a board of trustees. Benefits, including normal retirement, early retirement, disability retirements and death benefits, are provided as specified in the plan.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Registrars of Voters Employers' Retirement System prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

Basis of Accounting:

Registrars of Voters Employers' Retirement System's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. All valuation losses and revenue sharing monies are recognized in the year appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Furniture and Equipment:

Furniture and equipment of the System are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation over its estimated useful life.

Memorandum Only Column:

The total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

2. PLAN DESCRIPTION

The Registrars of Voters Employees' Retirement System is the administration of a cost-sharing multiple-employer plan (Retirement System Trust Fund) and a Savings Plan (Members' Supplemental Savings Trust Fund). The System was established on the first day of January, nineteen hundred and fifty-five for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:2032, as amended, for registrars of voters, their deputies and their permanent employees in each parish. At June 30, 2000 and 2000, statewide retirement membership consists of:

	2001	2000
Current retirees and beneficiaries	120	114
Terminated members due a benefit	4	3
Terminated due a refund	15	13
Fully vested, partially vested, and nonvested active employees covered	215	187
DRCP participants	5	30
Total participants as of the valuation date	359	247

Retirement System Trust Fund:

Any member is eligible for normal retirement after he has 20 years of creditable service and is age 55 or has 10 years of creditable service and is age 60. Any member with 30 years of creditable service regardless of age may retire. Regular retirement benefits are 3% of the average final compensation coverage monthly earnings during the highest 36 consecutive months) multiplied by the number of years of creditable service, not to exceed 100% of average final compensation.

Any member whose withdrawal from service occurs prior to attaining the age of sixty years, who shall have completed ten or more years of creditable service and shall not have received a refund of his accumulated contributions, shall become eligible for a deferred allowance beginning upon his attaining the age of sixty years.

Disability benefits are awarded to active contributing members with at least 10 years of service established in the System and who have been officially certified as disabled by the State Medical Disability Board. The disabled member who has attained the age of sixty years shall be entitled to a regular retirement allowance. The disabled member who has not yet attained age sixty shall be entitled to a disability benefit equal to the lesser of three percent of his average final compensation multiplied by the number of creditable years of service (not to be less than fifteen years) or three percent of average final compensation multiplied by the years of service assuming continued service to age sixty. Disability benefits may not exceed two-thirds of normal compensation.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
(JUNE 30, 2001 AND 2000)

2. PLAN DESCRIPTIONS: (Continued)

If a member who has less than five years of credited service dies due to any cause other than injuries sustained in the performance of his official duties, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, and is not eligible to retire, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option 2 factors used as if the member had continued in service to fulfill normal retirement age. If a member has no surviving spouse and the member has five or more years of creditable service, the surviving minor children under 18 or disabled children shall be paid 80% of the accrued retirement benefit in equal shares until the age of majority or for the duration of the handicap for a handicapped child. Upon the death of any former member with 10 or more years of service, automatic option 2 benefits are payable to the surviving spouse. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

In lieu of terminating employment and accepting a service retirement allowance, any member with eleven or more years of service at age sixty-two, twenty-two or more years of service at age fifty-six, or thirty-one or more years of service at any age may elect to participate in the Deferred Retirement Option Plan (DROPP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROPP fund. This fund does not earn interest. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the Deferred Retirement Option Plan fund will begin to be paid to the retiree. If the participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person remains active contributing membership in the System.

The Retirement System Trust Fund is financed by employee contributions of 7% of taxable compensation. In addition, each sheriff and ex-officio tax collector remits the employer's share of the actuarially required contribution to fund the System up to a maximum of one-sixteenth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish. Should employee contributions and tax monies be insufficient to fund the System as required by R.S. 11:23 employees contribute the additional amount.

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000

2. PLAN DESCRIPTION (Continued)

Cost of living provisions for the System are detailed in R.S. 11:2073 and R.S. 11:246. R.S. 11:203 allows the board of trustees to provide an annual cost of living increase of 7% of the retiree's original benefit from interest earnings on investments in excess of the valuation interest rate. This applies only to members who have been retired for at least two years. Louisiana statutes also allow the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to two percent of the benefit paid on October 1, 1977, (or the member's retirement date, if later). This raise may only be granted from investment earnings in excess of the valuation interest rate of eight percent.

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase when the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount not to exceed \$1.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio defined in R.S. 11:242.

Members' Supplemental Savings Trust Fund:

The Members' Supplemental Savings Trust Fund (Fund) was established by LR8 11:2139 as a defined contribution plan. All registrars of voters, their deputies and active permanent employees participate in the plan. As of June 30, 2001 and 2000 the number of participants in the plan is 219 and 207, respectively.

In accordance with state statute funds contributed to the System in excess of those required contributions to the Retirement Fund employer reserve, as established by the Public Retirement Systems' Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the Members' Supplemental Savings Fund is three percent of the salaries paid during the preceding fiscal year to members who were still employed by the employer at the end of the fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. As of June 30, 2001 and 2000 there were 64 active employees participating in the Fund.

Should any member of the System terminate membership in the System due to resignation, retirement, disability, death, or for any other reason involving termination of employment, he shall be entitled to payment of all contributions and interest or other savings or losses credited to his account as of the date of payment, provided he remains out of service until such time as the payments are required to be paid. Payment to the member is made at the end of the calendar quarter following the quarter in which the member terminates.

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000

2. PLAN DESCRIPTION: (Continued)

Interest, dividends and realized gains or losses shall be allocated at least once each year on the valuation date or dates of the fund. Such earnings or losses shall be allocated to members in proportion to their account balances as of the first day of the period for which the earnings are credited, reduced by any distribution from such account during the valuation period.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at 7.0% of taxable compensation. The contribution is deducted from the member's salary and remitted by the participating registrar.

Contribution requirements for all employees are actuarially determined. Employer contributions are not considered necessary since ad valorem taxes and state revenue sharing are more than sufficient to pay the employer's actuarial costs. Should employee contributions and tax monies be insufficient to fund the System as required by R.S. 11:22 employers contribute the additional amount. In accordance with state statute the fund receives .0625% of ad valorem taxes collected within the respective parishes and state revenue sharing funds. These additional sources of income are used as employer contributions.

Administrative costs of the System are financed through ad valorem taxes and state revenue sharing monies.

Reserves:

Use of the term "reserve" by the System indicates that a portion of the fund balance is legally restricted for a specific future use. The nature and purpose of the reserves are explained below:

A) Deferred Retirement Option Plan

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a free annuity. The Deferred Retirement Option Account as of June 30, 2001 and 2000 is \$932,960 and \$867,114, respectively. The Deferred Retirement Option Account is fully funded.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000

1. **CONTRIBUTIONS AND RESERVES** (Continued)

B) ***Annuity Savings:***

The *Annuity Savings* is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this fund. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the *Annuity Savings* to the *Annuity Reserve*. When a member retires, the amount of his accumulated contributions is transferred to the *Annuity Reserve* to provide part of the benefits payable from that fund. The *Annuity Savings* as of June 30, 2001 and 2000 is \$3,811,477 and \$3,473,838, respectively. The *Annuity Savings* is fully funded.

C) ***Pension Accumulation:***

The *Pension Accumulation* consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the *Annuity Reserve* to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The *Pension Accumulation* as of June 30, 2001 and 2000 is \$24,730,173 and \$24,751,691, respectively. The *Pension Accumulation* is fully funded and 97.44% funded for the years ending June 30, 2001 and 2000, respectively.

D) ***Annuity Reserve:***

The *Annuity Reserve* consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The *Annuity Reserve* as of June 30, 2001 and 2000 is \$14,934,662 and \$14,024,834, respectively. The *Annuity Reserve* is fully funded.

E) ***Members' Supplemental Savings:***

The *Members' Supplemental Savings* consists of contributions from the dedicated taxes to the System in excess of those required contributions to the *Pension Accumulation*, not to exceed three percent of the salaries paid during the fiscal year preceding the year in which funds are received. Upon termination a member is entitled to payment of all contributions and earnings credited to his account in the fund. The *Members' Supplemental Savings* as of June 30, 2001 and 2000 is \$1,466,538 and \$1,489,583, respectively. The *Members' Supplemental Savings* is fully funded.

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2000

4. ACTUARIAL COST METHOD:

The Aggregate Cost Method was used to calculate the funding requirements of the Registrars of Voters Employers' Retirement System for the fiscal year ended June 30, 2004 and 2000. This funding method allocates pension costs as a level percentage of payroll over the future-working lifetime of current members. The Aggregate Cost Method produces no unfunded accrued liability. Under the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Based on actual experience, future normal costs will increase or decrease.

5. INCURRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 20-21.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2003 and 2000:

	Registrars System <u>Trust Fund</u>	2003 Members' Supplemental Savings <u>Trust Fund</u>	<u>Total</u>
Deposits (bank balance)	\$ 623,208	\$ --	\$ 623,208
Cash equivalents	7,479,686	142,830	7,622,516
Investments	<u>26,381,367</u>	<u>1,239,024</u>	<u>27,620,391</u>
	3,44,484,461	3,138,156	3,45,376,360

	Registrars System <u>Trust Fund</u>	2000 Members' Supplemental Savings <u>Trust Fund</u>	<u>Total</u>
Deposits (bank balance)	\$ 127,623	\$ --	\$ 127,623
Cash equivalents	9,832,434	142,747	9,969,181
Investments	<u>23,154,388</u>	<u>1,245,996</u>	<u>24,400,384</u>
	3,43,104,454	3,138,673	3,44,460,127

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
(JUNE 30, 2001 AND 2000)

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Deposits

The System's bank deposits were entirely covered by Federal depositary insurance and pledged collateral held in the name of the System.

Cash Equivalents

Cash equivalents consist of a money market fund. The funds are held and managed by the Retirement System's custodian bank and are held in the name of the Retirement System.

Investments

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the system shall not invest more than fifty-five percent of the total portfolio in common stock. However, the System's internal investment policy states that the System shall not invest more than fifty percent of the total portfolio in common stock.

The System's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agents in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department, or agent but not in the System's name.

	2001 MARKET VALUE		2000 MARKET VALUE	
RETIREMENT SYSTEM -		CATEGORY		CATEGORY
TRUST FUNDS				
Bonds	\$ 76,261,644	1	\$ 11,864,293	1
Marketable securities	17,216,076	1	17,089,186	1
Money fund	2,854,883	N/A	—	—
	<u>\$ 96,332,603</u>		<u>\$ 28,953,479</u>	
MEMBER'S SUPPLEMENTAL SAVINGS TRUST FUNDS				
Bonds	\$ 1,408,243	1	\$ 461,836	1
Money fund	216,033	N/A	216,798	N/A
	<u>\$ 1,624,276</u>		<u>\$ 678,634</u>	

REGISTRARS OF VOTERS EMPLOYERS RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
2000, 2001, 2002, AND 2003

7. FURNITURE AND EQUIPMENT:

Change in furniture and equipment consist of the following:

	2000	2001
Balance - Beginning of year	\$ 34,996	\$ 34,996
Additions	--	--
Deletions	--	--
	<u>34,996</u>	<u>34,996</u>
Less accumulated depreciation	(26,056)	(23,183)
Balance - End of year	\$ 8,940	\$ 11,813

Depreciation expense for the years ended June 30, 2001 and 2000 was \$2,876 and \$2,876, respectively.

8. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**STATEMENTS OF VICTOR'S EMPLOYERS' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	ASSET BALANCE	ANNUITY RESERVE	DEFERRED RETIREMENT SYSTEM PLAN	PROBABLE ACCUMULATION	REPLACEMENT DEFERRED ACTUARIAL LIABILITY	TOTAL
BALANCE - BEGINNING	<u>\$ 1,475,555</u>	<u>\$ 14,000,004</u>	<u>\$ 983,114</u>	<u>\$ 28,231,081</u>	<u>\$ 850,000</u>	<u>\$ 45,980,754</u>
DEBITORS AND TRANSFERS:						
Employee contributions	417,290	-	-	-	-	417,290
Net investment income	-	-	-	2,011,715	-	2,011,715
Stock fee refunds	-	-	-	990,098	-	990,098
Provision transferred from Annuity Reserve	-	-	10,107	-	-	10,107
Transfer from Annuity Savings	-	190,137	-	-	-	190,137
Transfer from annuity system Miscellaneous	6,000	-	-	39,058	-	45,058
Amortized transfer	-	2,402,018	-	-	278,142	2,680,160
Total income	<u>463,290</u>	<u>2,592,155</u>	<u>10,107</u>	<u>2,441,873</u>	<u>278,142</u>	<u>5,385,567</u>
EXPENDITURES AND TRANSFERS:						
Refunds to members	2,819	-	-	-	-	2,819
Transfer to Annuity Reserve	181,071	-	-	-	-	181,071
Provision paid	-	1,805,000	52,291	-	-	1,857,291
Administrative expense	-	-	-	190,798	-	190,798
Depreciation expense	-	-	-	2,074	-	2,074
Provision transferred to DRIP	-	35,007	-	1,600,290	-	1,635,297
Amortized transfer	-	-	-	-	-	-
Total expenditures	<u>183,890</u>	<u>1,840,007</u>	<u>52,291</u>	<u>1,793,062</u>	<u>-</u>	<u>3,869,250</u>
NET INCREASE (DECREASE)	<u>279,400</u>	<u>752,148</u>	<u>57,816</u>	<u>648,811</u>	<u>278,142</u>	<u>1,965,227</u>
BALANCE - ENDING	<u>\$ 1,754,955</u>	<u>\$ 14,752,152</u>	<u>\$ 1,040,930</u>	<u>\$ 28,879,892</u>	<u>\$ 1,128,142</u>	<u>\$ 46,976,071</u>

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDING JUNE 30, 2003

	ASSETY BALANCE	ASSETY BALANCE	DEFERRED RETIREMENT OPTION PLAN	PENSION ACCUMULATIONS	RESERVE ACTUAL ACCREDITED LIABILITY	TOTAL
BALANCE - BEGINNING	\$ 3,186,000	\$ 1,371,403	\$ 795,551	\$ 34,075,001	\$ 1,401,176	\$ 40,838,128
REVENUES AND TRANSFERS:						
Employee contributions	408,000	-	-	-	-	408,000
Net investment income	-	-	-	194,276	-	194,276
Profit on sale of securities	-	-	-	360,460	-	360,460
Pension transferred from Annuity Reserve	-	-	224,596	-	-	224,596
Transfer from Annuity Savings Account transfer	-	83,372	-	-	-	83,372
	-	2,478,141	-	-	-	2,478,141
Total revenues	408,000	2,361,113	224,596	559,736	-	3,053,445
EXPENDITURES AND TRANSFERS:						
Refunds to members	18,100	-	-	-	-	18,100
Transfer to Annuity Reserve	90,472	-	-	-	-	90,472
Pension paid	-	1,009,140	57,007	-	-	1,066,147
Administrative expense	-	-	-	99,000	-	99,000
Depreciation expense	-	-	-	2,876	-	2,876
Pension transferred to DROP Account transfer	-	228,596	-	-	-	228,596
	-	-	-	147,126	2,354,000	2,354,126
Total expenditures	112,400	1,088,136	57,007	249,002	2,354,000	4,450,545
NET INCREASE (DECREASE)	295,600	472,977	117,589	676,464	62,166,000	634,696
BALANCE - ENDING	\$ 3,481,600	\$ 1,844,380	\$ 913,140	\$ 34,751,465	\$ 1,463,182	\$ 42,493,767

REGISTRARS OF VOTERS EMPLOYEE RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

		2001	
	FAIR VALUE	ORIGINAL COST VALUE	MARKET VALUE
BONDS			
Government:			
U.S. Treasury Notes	\$ 2,160,000	\$ 2,195,073	\$ 2,198,748
Federal National Mortgage Association	536,329	532,906	551,234
Government National Mortgage Association	693,747	787,802	708,134
Federal Home Loan Mortgage Corporation	33,165	33,485	34,117
Total Government Bonds	<u>3,423,241</u>	<u>3,449,266</u>	<u>3,489,233</u>
Corporate Bonds	<u>12,417,296</u>	<u>12,335,558</u>	<u>12,310,711</u>
TOTAL BONDS	<u>\$ 15,840,537</u>	<u>\$ 15,784,824</u>	<u>\$ 15,799,944</u>
		ORIGINAL COST VALUE	MARKET VALUE
STOCK			
Common stock		<u>\$ 16,513,941</u>	<u>\$ 17,216,579</u>
MUTUAL FUND			
International Equity Fund		<u>\$ 3,188,269</u>	<u>\$ 3,874,933</u>
	FAIR VALUE	2000 ORIGINAL COST VALUE	MARKET VALUE
BONDS			
Government:			
U.S. Treasury Notes	\$ 3,385,000	\$ 3,433,397	\$ 3,434,642
Federal National Mortgage Association	2,698,700	2,538,814	2,469,783
Government National Mortgage Association	53,168	59,942	34,738
Federal Home Loan Mortgage Corporation	41,418	41,872	48,916
Total Government Bonds	<u>6,078,276</u>	<u>6,060,985</u>	<u>6,106,069</u>
Corporate Bonds	<u>15,164,818</u>	<u>16,021,173</u>	<u>9,704,232</u>
TOTAL BONDS	<u>\$ 16,243,094</u>	<u>\$ 16,081,977</u>	<u>\$ 15,804,297</u>
		ORIGINAL COST VALUE	MARKET VALUE
STOCK			
Common stock		<u>\$ 16,883,172</u>	<u>\$ 17,350,181</u>

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
 MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENTS
 FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

2001			
	PAR VALUE	ORIGINAL COST VALUE	MARKET VALUE
BONDS			
U.S. Treasury Notes	\$ <u>1,000,000</u>	\$ <u>998,942</u>	\$ <u>1,020,243</u>
		COST	MARKET VALUE
MUTUAL FUND			
Pooled equity fund		\$ <u>200,000</u>	\$ <u>218,831</u>
2000			
	PAR VALUE	ORIGINAL COST VALUE	MARKET VALUE
BONDS			
U.S. Treasury Notes	\$ <u>1,000,000</u>	\$ <u>998,359</u>	\$ <u>993,939</u>
		COST	MARKET VALUE
MUTUAL FUND			
Pooled equity fund		\$ <u>239,000</u>	\$ <u>251,996</u>

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF ADMINISTRATIVE EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

	2000	2000
PERSONAL SERVICES:		
Staff salaries	\$ 34,974	\$ 33,157
Based member-per diem	3,000	2,250
Payroll taxes	1,389	1,318
	<u>39,364</u>	<u>36,725</u>
PROFESSIONAL SERVICES:		
Accountant	11,964	12,100
Actuarial	18,163	17,768
Legal	--	2,993
Professional fees	4,447	--
	<u>34,574</u>	<u>32,861</u>
COMMUNICATIONS:		
Telephone	2,568	2,949
Travel	16,733	13,810
	<u>19,301</u>	<u>16,759</u>
OTHER:		
Bank charges	1,446	889
Utilities	492	487
Fidelity bond premium	148	148
Miscellaneous	283	826
Office rent	1,690	1,560
Office expense	3,883	3,807
Maintenance agreement	918	773
Membership dues	100	400
Computer expense	1,890	1,444
Postage	2,903	--
Post office box rental	119	--
	<u>12,698</u>	<u>12,188</u>
TOTAL EXPENSES	\$ <u>105,939</u>	\$ <u>98,323</u>

REGISTRARS OF VOTERS EMPLOYEES RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PER DIEM PAID TRUSTEES
 FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

TRUSTEE	2001		2000	
	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Deborah Wiskorn	6	\$ 450	6	\$ 450
Edwin McMahon	5	375	6	450
John Mooreau	1	75	—	—
Nathaniel Bankston	7	525	5	375
Robert Poche	7	525	7	525
See Manning	7	525	5	375
Sandra Thomas	—	—	—	*
Paul Lefourn	1	75	—	—
Francis Hatawey	6	450	1	75
		<u>\$ 3,900</u>		<u>\$ 2,100</u>

* Member declined per diem for the term.

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
 JUNE 30, 1996 THROUGH 2001

FISCAL YEAR	ACTUARIAL REQUIRED CONTRIBUTIONS EMPLOYER	ACTUARIAL REQUIRED CONTRIBUTIONS OTHER SOURCES	PERCENT CONTRIBUTED EMPLOYER	PERCENT CONTRIBUTED OTHER SOURCES
1996	\$ --	\$ 382,442	--	108.25
1997	--	406,259	--	109.32
1998	--	328,532	--	99.85
1999	--	387,847	--	102.38
2000	--	366,479	--	99.81
2001	--	985,727	--	108.62

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS
(JUNE 30, 1996 THROUGH 2002)

The information presented in the Schedule of Contributions - Employer and Other was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2002
Actuarial Cost Method	Aggregate Actuarial Cost Method
Asset Valuation Method:	Based on the market value adjusted to smooth realized and unrealized gains (losses) over a three year period by deferring one-third of such gains or losses accrued in the prior fiscal year and two thirds of such gains or losses accrued in the current fiscal year.
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	7.0% (3.25% Inflation, 3.35% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system, and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increases.
Changes in Actuarial Assumptions:	There was a reduction in the DROP entry rate and rates of retirement. The effect of this reduction was to reduce normal cost in the amount of \$184,050 for the year ending June 30, 2002. The effect of the reduction on normal cost for years ending subsequent to June 30, 2002 cannot be determined.

REGISTRARS OF VOTERS EMPLOYERS' RETIREMENT SYSTEM
INDEPENDENT AUDITORS REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 2004

September 16, 2004

Registrars of Voters Employers'
Retirement System of Louisiana
P.O. Box 57
Jennings, LA 70546

We have audited the financial statements of Registrars of Voters Employers' Retirement System, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Registrars of Voters Employers' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Registrars of Voters Employers' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the System's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is noted below:

The System purchased a general ledger software package to assist in recording the transactions of the entity. However, the general ledger software package is not utilized to report all transactions of the System. Cash receipts and cash disbursements are reported, however, not all balance sheet accounts, such as investments, fixed assets, fixed balance, etc. are reflected in the general ledger. The investment transactions are reconciled to the trust statement balances; however, these transactions are not reported during the year on the System's general ledger. As a result a complete reporting of the activity of the System is not recorded on the current general ledger. At year-end all transactions are recorded through audit entry. We recommend that the System begin fully utilizing the general ledger software package by reporting all transactions of the System.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We have noted other matters in a separate letter to the board.

This report is intended for the information of the Regents of 'Voters Employees' Retirement System's Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management of the System and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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SCHEDULES AND DATA COLLECTION FORM

SECTION I: SUMMARY OF AUDITOR'S REPORT

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of Registrar of Voters Employees' Retirement System as of June 30, 2001 and 2000 and have issued our report thereon dated September 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit as of June 30, 2001 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

Internal Control:

Material weakness – None noted.

Reportable condition – See current year finding 04-01.

Compliance:

Non-compliance material to financial statements – None noted

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

01-01 - Software package:

The System purchased a general ledger software package to assist in recording the transactions of the entity. However, the general ledger software package is not utilized to report all transactions of the System. Cash receipts and cash disbursements are reported, however, not all balance sheet accounts, such as investments, fixed assets, fund balance, etc. are reflected in the general ledger. The investment transactions are reconciled to the trust statement balances; however, those transactions are not reported during the year on the System's general ledger. As a result a complete reporting of the activity of the System is not recorded on the current general ledger. At year end all transactions are recorded through audit entry. We recommend that the System begin fully utilizing the general ledger software package by reporting all transactions of the System. It is our understanding that the System has hired an accountant to perform the above procedure.

01-02 - Board meeting minutes are not signed:

During the audit it was discovered that the Chairman of the Board is not signing all board meeting minutes certifying their accuracy. The Board Chairman should sign all board meeting minutes. If this is not done, inaccurate board meeting minutes could be submitted. We recommend that the System develop procedures to ensure that the Board Chairman signs all board meeting minutes.

01-03 - Federal tax deposit is late:

During the audit it was discovered that federal tax payments were filed late and quarterly payroll tax returns for the first and second quarter of 2001 were not filed. All federal payments should be electronically filed by the third working day commencing payment of benefits. All quarterly payroll tax returns for the System should be filed by the last day of the month following the quarter ended. If the federal tax payments are filed late and the payroll tax returns are not filed, the System could incur tax penalties and interest from the Internal Revenue Service. We recommend that the System develop procedures to ensure that all federal tax payments and tax returns are filed on time. It is our understanding that the payroll tax returns for the first and second quarter of 2001 has since been filed with the IRS.

SECTION 3: FINANCIAL STATEMENT FINDINGS (Continued)

B. PRIOR YEAR FINDINGS:

(B)-01 - Software package:

The System purchased a general ledger software package to assist in recording the transactions of the entity. However, the general ledger software package is not utilized to report all transactions of the System. Cash receipts and cash disbursements are reported, however, not all balance sheet accounts, such as investments, fixed assets, fund balances, etc. are reflected in the general ledger. The investment transactions are reconciled to the trust statement balances; however, those transactions are not reported during the year on the System's general ledger. As a result a complete reporting of the activity of the System is not recorded on the current general ledger. At year end all transactions are recorded through audit entry. We recommend that the System begin fully utilizing the general ledger software package by reporting all transactions of the System. This comment is repeated in current year comment 03-01.

(B)-02 - Board meeting minutes are not signed

During the audit it was discovered that the Chairman of the Board is not signing the board meeting minutes certifying their accuracy. The Board Chairman should sign all board meeting minutes. If this is not done, inaccurate board meeting minutes could be maintained. We recommend that the System develop procedures to ensure that the Board Chairman signs all board meeting minutes. This comment is repeated in current year comment 01-02.

(B)-03 - Federal tax deposits late

During the audit it was discovered that many federal tax payments were filed late. All federal payments should be electronically filed by the third working day commencing payment of benefits. If the federal tax payments are filed late, the System could incur tax penalties and interest from the Internal Revenue Service. We recommend that the System develop procedures to ensure that all federal tax payments are filed on time. This comment is repeated in current year comment 01-03.

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REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM

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December 7, 2003

Legislative Auditor
Engagement Processing
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RE: FY 2001 Audit Comments

Dear Legislative Auditor:

I have received a copy of the Financial Statement Findings for Fiscal Year 2003 for the Registrar of Voters Employees' Retirement System.

CURRENT YEAR (2002) FINDINGS

03-01 -- Software Package

The Audit recommended that the software package purchased by the retirement system be utilized fully. The Fiscal Year in question was entered, however, the investment transactions were not. The Board has authorized that one to hire a bookkeeper, effective 6/30/2003. At this time all transactions have been recorded and investment records are being included.

03-02 -- Board meeting minutes are not signed

All board meeting minutes have been signed by the Chairman of the Board. All members of the system are sent copies of the minutes, and the Chairman signs his copy and returns it to the Director for entry into the minute book. This was made effective immediately after the FY 2003 Audit was presented to the Board of Trustees in January, 2003.

03-03 -- Federal Tax Deposits late

A new assistant was hired by the Director in December, 2003. Federal Deposits were made on schedule and quarterly reports have been put on her priority list for the first day of each quarter.

Of the (3) findings for Fiscal Year 2001, all changes were made as per the audit report that was presented to the Board in January, 2001. The system has maintained a full disclosure of all of the records used and held by this system at all times. Some changes needed to be done due to the additional paperwork and workload needed to make all members of this system aware of what is available to them while working or retiring. With the addition of a bookkeeper and a more responsible assistant to the Director, the Director has been able to address more issues in a quicker time frame.

If you should need additional information, please let me know.


Lorenae C. Cooks
Director-RCV&ERS&A